WENT 03

Monday, July 21, 2014 8:08 PM

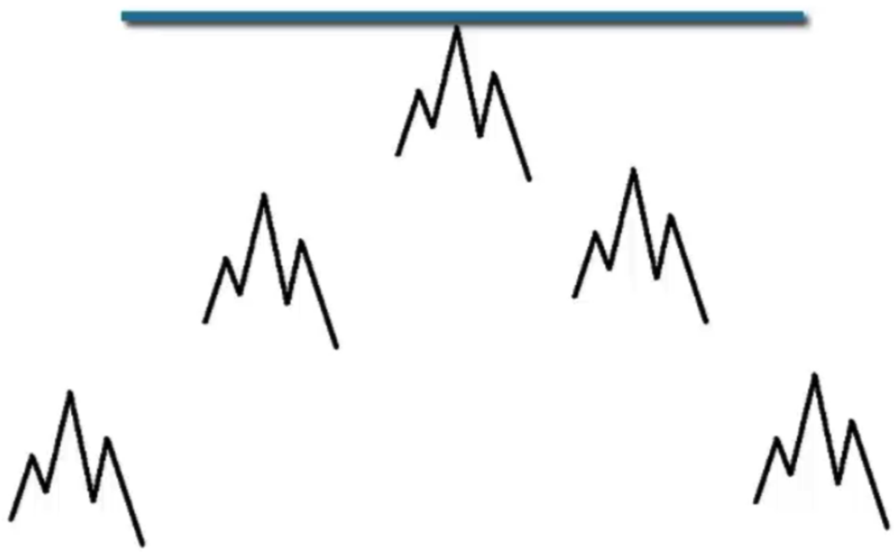
- As a trader you want to be finding your way through price.



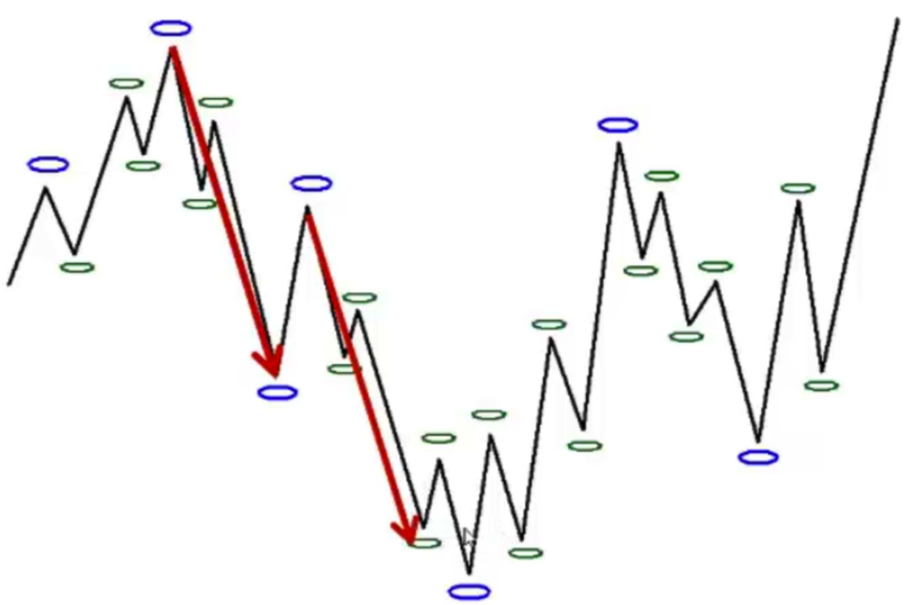
- Short term trading and day trading will give you immediate feedback and the confidence that you need to be sticking to a plan.
- The basis of this model is to use the highest time frame of the 3 to frame your trade. Look for topping formations on that time frame and overbought readings if you are looking to sell. Wait for price to break down on the 2 lower time frames of the 3 to support your bias.
- In a swing trade you would be timing it on the 1 hour chart, managing it on the 4 hour chart, and the trade idea would be built upon the daily chart.
- You should be breaking down market structure on the 3 time frames of the type of trade you are looking for

Position Trades: 6 months - 12 months
Swing Trade: 1+ week
Short Term Trade: 1 day - 1 week
Day Trades & Scalps: 1 day

- Your focus should be on the highest of the 3 time frames.
- Trades will be managed on the highest or middle of the 3 time frames.
- The shortest time frame will be used to enter and signal possible reversal clues.
- The highest probability trades are made in the higher time frame direction.
- There may be times when the highest time frame is bullish, but you are approaching a key resistance level. The resistance level may trump the bullish bias.
- Support & resistance trumps everything.
- All trades are framed over key support/resistance levels.
- Market profiles will assist in market structure analysis concepts. Trending, reversal, consolidation, etc.
- Assume that the image below is your higher time frame:



- Once price bounces off expected resistance and breaks a short term low on your highest time frame, then you can start to expect an OTE to form.
- Once that happens you want to zoom into the OTE area on the middle time frame and look for shorter term OTE signals or other sell patterns.
- We need to be comfortable with the grey area in trading because we don't know what is going to happen from our entry point to our expected exit point.
- We want to see what price is reaching for on our highest level time frame.
- The image below shows a measured intermediate term move:

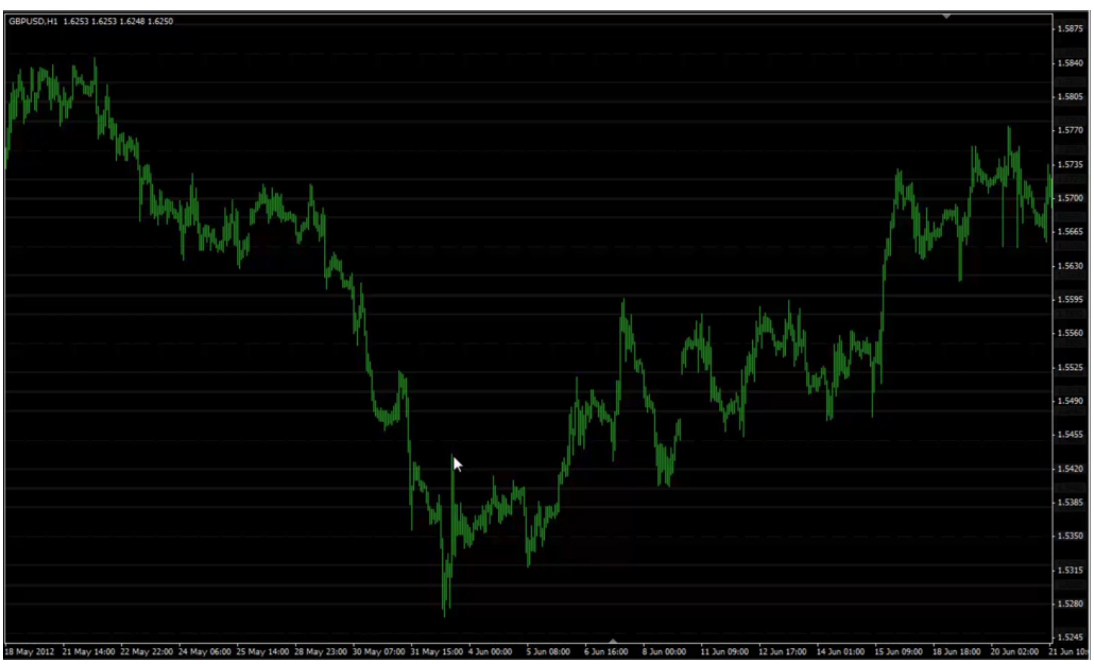


- Every day the bias is both directions, but you are looking for the bias that you are holding to line up with price action. You can't force price action to do what you want it to do.
- Your bias should be derived from market structure on the highest time frame.
- You are simply trying to find a bias for **YOUR** style of trading.

- Simply wait for everything to line up that you like to see in a trade.
- Keep risk low and your action level low. Don't try to trade a whole lot.



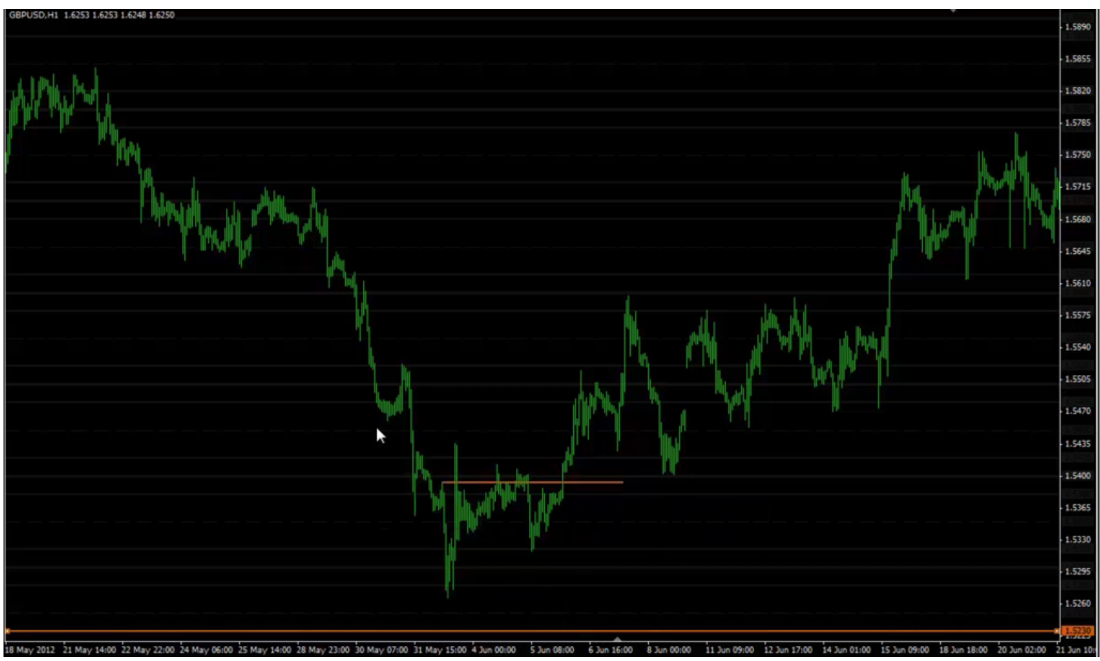
- Anything 20 pips or greater is more than a scalp.
- You are neither a bull or a bear for a day. You just need to be able to go into the market place and arrive at what you need to be doing at the time you trade.
- Towards the end of the year and around the holidays you really shouldn't be that active in trading.
- Come back to this video at least once a month while you are trading.
- Directional bias is not that hard at all, it just requires you to be patient to see the setups that line up with the higher time frame premise.
- There is a seasonal tendency for the markets to create a low in the summer time.
- It's not imperative that you pick the right level, you let the market tell you the right level.
- Market structure has reacted at an expected level of support and has broken market structure to the upside on the 1 hour chart. Note how strongly price has reacted:



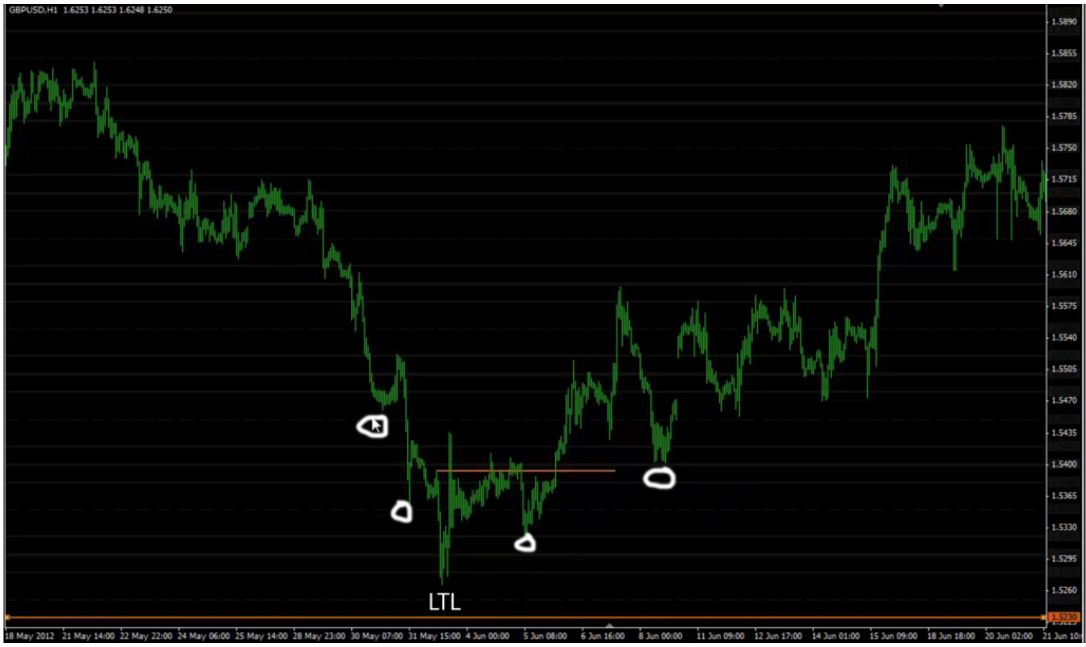
- Once market structure is broken, you can pull the Fibonacci on the swing and set a phone alert for when price gets back down near the 62% retracement level or you could simply put a limit order down there.



- On top of broken market structure, there is an intermediate term low that has formed on the 1 hour chart:



- Eventually it becomes a long term low, view the illustration below to see how:



- Once we have a long term low and an intermediate term high we can expect a measure move of those 2 price points added to the intermediate term high:



- The market is going to go wherever there is the least amount of resistance. Where are the open spaces on the charts?
- A "buy program" is where you look primarily for buys.
- In bullish scenario, many times the week's low will be between Sunday's opening and Tuesday's London open. If not Tuesday's London open it will typically be Wednesday's London open.
- ICT generally does not like to trade Friday's.
- Do not trade every day or even anticipate to trade every day.
- When you get to the point where you can trade consistently, you will start seeing the market through all of these time frames at one time. You'll know that you can move from one time frame or style of trading to another.
- Every trade should have the monthly, weekly, and daily time frames in mind.
- Use the position trader's directional premise for all trades.
- Are you doing this to make money and have a better life or are you doing this to compete? If you are in it to compete, you are doing it for the wrong reasons.
- Sometimes we need to desensitize ourselves to things in trading so we don't always have the same emotional charge that we used to.